

Message Text

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PAGE 01 ABU DH 01010 110532Z
ACTION NEA-10

INFO OCT-01 ISO-00 AF-10 ARA-10 EA-10 EUR-12 SOE-02
AID-05 CEA-01 CIAE-00 COME-00 DODE-00 EB-08
DOE-15 H-01 INR-10 INT-05 L-03 NSAE-00 NSC-05
OMB-01 PM-05 ICA-11 OES-07 SP-02 SS-15 STR-07
TRSE-00 ACDA-12 PA-01 IO-13 /182 W
-----078203 110538Z /14

P R 101200Z APR 78
FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC PRIORITY 7662
INFO AMEMBASSY ALGIERS
USINT BAGHDAD
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CANBERRA
AMEMBASSY CARACAS
AMCONSUL DHAHRAN
AMEMBASSY DOHA
USMISSION GENEVA
AMEMBASSY JAKARTA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LIBREVILLE
AMEMBASSY LAGOS
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY QUITO
AMEMBASSY TEHRAN
AMEMBASSY TOKYO
AMEMBASSY TRIPOLI
AMEMBASSY VIENNA
USMISSION USUN NEW YORK

C O N F I D E N T I A L ABU DHABI 1010
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E.O. 11652: GDS
TAGS: ENRG, EFIN, TC
SUBJECT: UTAYBA STATEMENT TO PRESS ON DOLLAR AND OIL PRODUCTION FOR
FORTHCOMING OPEC CONSULTATIVE GROUP MEETING

REF: ABU DHABI 980 NOTAL

1. BEGIN UNCLASSIFIED: UPON HIS RETURN TO ABU DHABI APRIL 9 FROM BAGHDAD AFTER ATTENDING OPENING NEW IRAQI OIL FIELD SOUTH OF BASRA, WHERE HE ALSO HAD DISCUSSIONS WITH KUWAITI, IRAQI, AND QATARI OIL MINISTERS, UAE OIL MINISTER MANA SAID AL UTAYBA SPOKE TO WAITING NEWSMEN ABOUT FORTHCOMING OPEC CONSULTATIVE GROUP MEETING. UTAYBA INDICATED MEETING WOULD BE HELD IN TAIF ON MAY 4.

2. DURING INTERVIEW UTAYBA QUOTED AS STATING THAT UAE WAS LOSING 11 PERCENT OF ITS OIL REVENUES AS RESULT OF CONTINUING FALL OF DOLLAR. THEREFORE THERE WAS AN URGENT NEED FOR OPEC TO DISCUSS THE EFFECT OF DOLLAR FLUCTUATIONS ON INCOMES OF OIL PRODUCING STATES. HE REITERATED THAT UAE HAD PREPARED COMPREHENSIVE AND FULL PROPOSALS TO PRESENT TO OPEC CONFERENCE NEXT MONTH. THESE WOULD BASE OIL PRICES ON "A NEW BASKET OF CURRENCIES WHOSE AIM WOULD BE TO MAINTAIN PURCHASING POWER OF OIL REVENUES WITHOUT REPLACING THE DOLLAR AS THE UNIT IN WHICH PRICES ARE EXPRESSED."

3. UTAYBA ALSO QUOTED AS STATING THAT IT WAS NECESSARY FOR OPEC CONSULTATIVE GROUP TO CONSIDER WAYS IN WHICH INDIVIDUAL OPEC COUNTRIES COULD DETERMINE THEIR LEVEL OF PRODUCTION SO AS "TO BALANCE SUPPLY AND DEMAND IN THE MARKET AND MAINTAIN THE OIL PRODUCERS' ABILITY TO CONFIDENTIAL

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FIX PRICES." END UNCLASSIFIED

4. COMMENT: BEGIN CONFIDENTIAL: TO OUR KNOWLEDGE, THIS IS FIRST TIME UTABA HAS USED FIGURE OF 11 PERCENT TO DESCRIBE IMPACT ON UAE ECONOMY OF FALL OF DOLLAR IN RELATION CERTAIN OTHER CURRENCIES. IN PREVIOUS MEETINGS WITH AMBASSADOR, UTAYBA HAD SCOFFED AT SIMILAR KUWAITI ESTIMATES AND AGREED THAT IT VERY DIFFICULT TO QUANTIFY IMPACT ON UAE ECONOMY BECAUSE SUCH LARGE PORTION OF UAE FOREIGN PAYMENT IS DENOMINATED IN DOLLARS. WE ASSUME THEREFORE THAT HE MAY HAVE BEEN INFLUENCED BY TALKS WITH OTHER OIL MINISTERS AT BASRA.

5. UTAYBA'S STATEMENT ON BASKET OF CURRENCIES CONTAINS NOTHING NEW. IT IS ESSENTIALLY REITERATION OF WHAT HE SAID MONTH AGO (ABU DHABI 630). UTAYBA'S PROPOSAL, INCIDENTALLY, IS STILL NOT A FORMAL UAEG PROPOSAL AND UAE INTERMINISTERIAL COMMITTEE HAS NOT RPT NOT ENDORSED IT THUS FAR.

6. WITH REGARD TO HIS REMARKS ON FINDING WAYS TO ORGANIZE REDUCTION TO ALLOW OPEC COUNTRIES MAINTAIN OIL PRICES, UAE MINISTRY OF PETROLEUM HAS POINTED OUT THAT VERBATIM TEXT OF

REMARKS CLEARLY DOES NOT SUGGEST THAT MINISTER PROPOSING OPEC PRODUCTION PROGRAMMING WHICH MINISTRY SAYS WOULD BE IMPOSSIBLE TO DO. RATHER, HE IS SUGGESTING THAT OPEC MEMBERS, PARTICULARLY THOSE WHOSE OIL REVENUES ARE BEYOND THEIR DOMESTIC EXPENDITURE REQUIREMENTS, DECIDE IN LIGHT OF THEIR OWN INTERESTS WHAT LEVEL OF PRODUCTION FOR THEIR INDIVIDUAL COUNTRIES MIGHT BEST ASSURE THE ABILITY OF OPEC TO FIX PRICES.

DICKMAN

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Message Attributes

Automatic Decaptioning: X
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Copy: SINGLE
Draft Date: 10 apr 1978
Decaption Date: 01 jan 1960
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Disposition Action: RELEASED
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Disposition Case Number: n/a
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Disposition Date: 20 Mar 2014
Disposition Event:
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